

Industrial Commission

Analyst: Castro

Historical Summary

OPERATING BUDGET	FY 2005 Total App	FY 2005 Actual	FY 2006 Approp	FY 2007 Request	FY 2007 Gov Rec
BY PROGRAM					
Compensation	4,819,200	4,137,200	4,798,500	5,330,500	5,164,200
Rehabilitation	3,425,000	3,074,400	3,525,200	3,773,400	3,600,500
Crime Victims Compensation	3,767,700	2,827,700	3,971,600	4,058,900	4,024,300
Adjudication	1,867,600	1,488,100	1,926,900	2,050,800	1,976,900
Total:	13,879,500	11,527,400	14,222,200	15,213,600	14,765,900
BY FUND CATEGORY					
Dedicated	13,053,600	10,913,700	13,371,500	14,363,000	13,915,300
Federal	825,900	613,700	850,700	850,600	850,600
Total:	13,879,500	11,527,400	14,222,200	15,213,600	14,765,900
Percent Change:		(16.9%)	23.4%	7.0%	3.8%
BY OBJECT OF EXPENDITURE					
Personnel Costs	7,062,300	6,574,000	7,418,800	7,680,500	7,236,300
Operating Expenditures	2,296,300	1,323,300	2,310,600	2,939,600	2,939,600
Capital Outlay	74,900	137,700	177,600	278,300	274,800
Trustee/Benefit	4,446,000	3,492,400	4,315,200	4,315,200	4,315,200
Total:	13,879,500	11,527,400	14,222,200	15,213,600	14,765,900
Full-Time Positions (FTP)	137.50	137.50	139.50	139.50	139.50

Department Description

The Industrial Commission was established in 1918 to ensure that Idaho's Workers' Compensation Law is impartially and efficiently administered. It encourages safe working environments, prompt and accurate benefit payments, timely dispute resolution, and quality vocational rehabilitation services. The Commission maintains files of all industrial accidents and illnesses and keeps records of employers and their workers compensation insurance companies.

The COMPENSATION PROGRAM includes benefits administration, employer compliance, fiscal, information systems, and the human resources section. Responsibilities of the Compensation Program include evaluating insurance carriers and employers wishing to become self-insured; enforcing the coverage requirements; and monitoring benefit payments. This program also funds the Logging Safety and Industrial Safety Programs at the Division of Building Safety. Industrial Safety provides inspections of state, school district, county and city facilities to ensure safe working conditions. The Logging Safety Program seeks to improve safety in logging operations across the state.

The REHABILITATION PROGRAM is a neutral party that supports a worker's medical recovery and assists in reducing their period of temporary disability resulting from an industrial injury. This program facilitates returning the worker to gainful employment at as close as possible to their pre-injury status and wage. The Rehabilitation Program is concerned with both physical and vocational rehabilitation with special emphasis on job placement. Consultants serve injured workers from eleven field offices across the state.

The CRIME VICTIMS COMPENSATION PROGRAM was established in 1986 to help offset the out-of pocket expenses incurred by innocent victims of crime. Benefits are paid only for costs such as medical and mental health care, lost wages, loss of support, and funeral expenses up to a maximum of \$25,000 per victim per crime. Property damages are not eligible. Funds are generated by surcharges on convictions or pleadings of guilt. Certain restitution and prison payment programs are also directed to the fund.

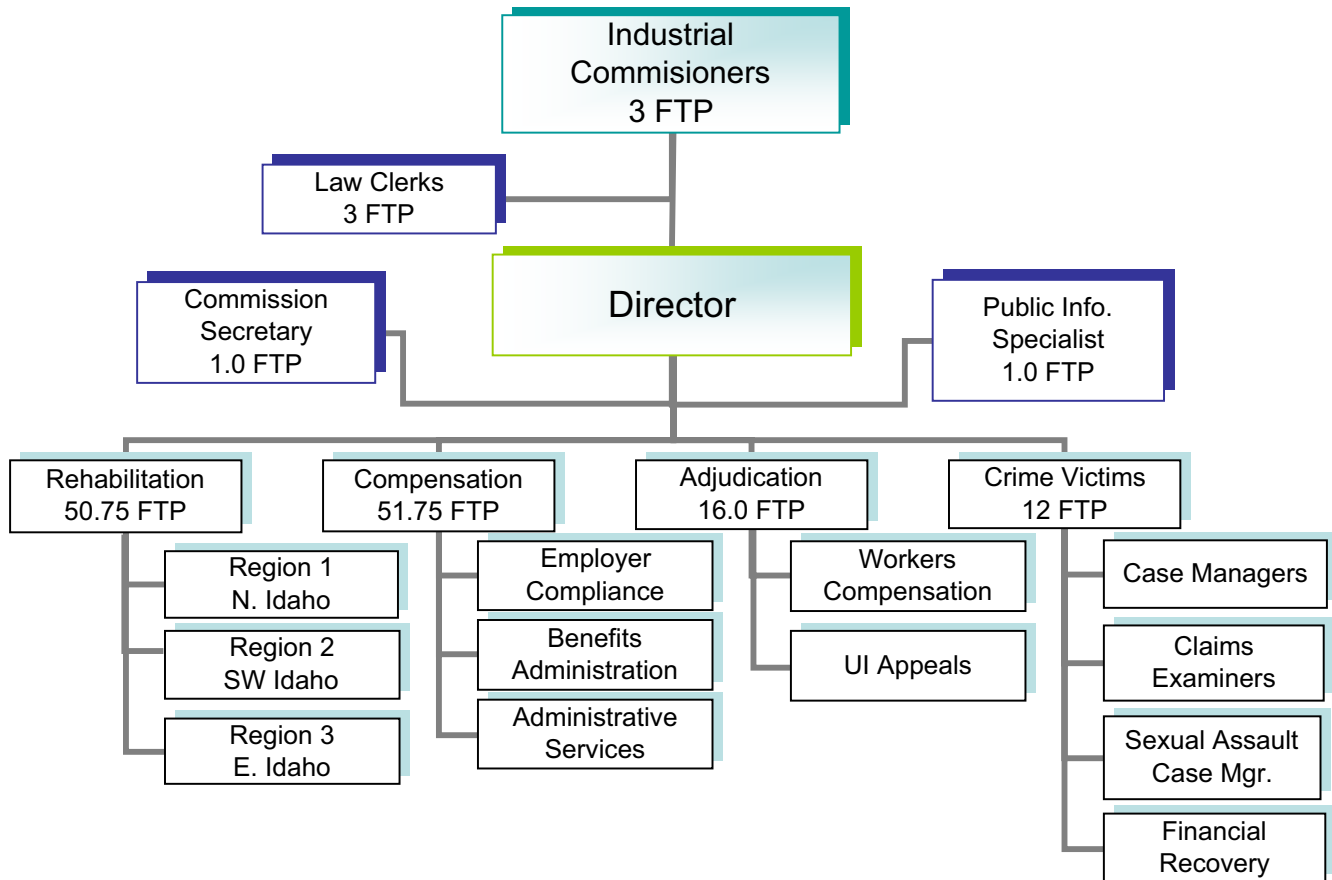
The ADJUDICATION PROGRAM consists of three commissioners appointed by the Governor who sit as a judicial body to hear and adjudicate disputes arising between injured workers and employers, and to provide judicial review of decisions from the Department of Labor. The Commission also provides a mediation process which is available at any stage of the claim to assist the parties in reaching a successful resolution of a dispute.

Industrial Commission

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Agency Profile

Organizational Chart



Sources of Funds

FY 2006 Original*

Industrial Administration Fund (300-00): Derived from 2.5% tax on workers compensation insurance policy premiums from every surety and self-insurer. Also other miscellaneous fees. Used to fund the Compensation, Rehabilitation, and Adjudication programs. Also used for Industrial Safety and Logging programs in the Division of Building Safety.

\$10,220,400

Crime Victims Compensation (313-00): All persons convicted of misdemeanors or felonies pay a fine of \$25 for misdemeanors, \$50 for felonies, and an additional \$200 for any sex offense. These moneys are transmitted by the counties to the State Treasurer for deposit in this fund. Used to compensate victims of crime or their dependents for medical, mental health counseling, lost wages and burial (if applicable) expenses incurred directly as a result of being victimized. Maximum amount of \$25,000 per victim per crime.

\$3,126,100

Federal Grant (348-00): Crime victim funds from the Dept. of Justice and Census of Fatal Injuries funds from U.S. Dept. of Labor, Bureau of Labor Statistics.

\$850,700

Misc. Revenue (349-00): Seminar receipts for Commission sponsored workers compensation seminars. Pays for costs of conducting seminars.

\$25,000

\$14,222,200

* The appropriations above includes funding for the 27th payroll. The Industrial Adm. Fund includes \$207,900; the Crime Victims Comp. fund includes \$16,200; and the Federal Grant appropriation includes \$100.

Industrial Commission

Agency Profile

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Selected Measures

Cases Managed and/or Key Services Provided	FY 2002	FY 2003	FY 2004	FY 2005
COMPENSATION				
Workers' Compensation Claims Filed	46,340	44,606	42,352	42,344
Medical Only	38,938	37,169	35,748	35,796
Time-Loss	7,350	7,002	6,559	6,501
Impairment Only	2	0	10	1
Fatalities	50	35	35	47
Cases Referred to Investigator	4,793	4,906	6,179	6,435
Cases Brought Into Compliance	2,262	2,261	2,653	2,667
REHABILITATION				
Cases Rehabilitated, Returned to Work as a Result of Division Services	1,441	1,391	1,405	1,439
CRIME VICTIMS COMPENSATION				
Crime Victims Claims Filed	1,543	1,706	1,757	1,912
Decisions Made	1,395	1,278	1,390	1,389
Awards	1,179	1,052	1,115	1,096
Denials	216	225	275	293
Crime Victims Compensation Paid	\$ 1,874,462	\$ 1,903,100	\$ 2,153,986	\$ 2,241,110
ADJUDICATION				
Workers' Compensation Complaints Filed	1,181	1,225	1,222	1,248
Workers' Compensation Hearings Held	111	123	123	113
Mediations Held*	264	325	469	486
Successful Mediations*	281	418	633	851
Unemployment Decisions Issued (Includes Reconsiderations)	581	621	703	664

* Each "Mediation Held" can have more than one claim. "Successful Mediations" are calculated by claim, not by number of mediations held. So the number of "Successful Mediations" is almost always more than the number of "Mediations Held".

Industrial Commission

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2006 Original Appropriation	139.50	0	14,222,200	139.50	0	14,222,200
HB 395 One-time 1% Salary Increase	0.00	0	60,900	0.00	0	60,900
1. Office Relocation	0.00	0	346,300	0.00	0	346,300
Omnibus CEC Supplemental	0.00	0	0	0.00	0	68,500
FY 2006 Total Appropriation	139.50	0	14,629,400	139.50	0	14,697,900
Removal of One-Time Expenditures	0.00	0	(540,000)	0.00	0	(540,000)
FY 2007 Base	139.50	0	14,089,400	139.50	0	14,157,900
Benefit Costs	0.00	0	102,400	0.00	0	(163,100)
Inflationary Adjustments	0.00	0	36,500	0.00	0	36,500
Replacement Items	0.00	0	424,000	0.00	0	420,500
Statewide Cost Allocation	0.00	0	137,700	0.00	0	137,700
Change in Employee Compensation	0.00	0	59,300	0.00	0	109,400
FY 2007 Program Maintenance	139.50	0	14,849,300	139.50	0	14,698,900
1. Contract Medical Fee Program Coord.	0.00	0	60,000	0.00	0	60,000
2. Market Equity	0.00	0	297,300	0.00	0	0
3. Career Information System (CIS)	0.00	0	7,000	0.00	0	7,000
FY 2007 Total	139.50	0	15,213,600	139.50	0	14,765,900
Change from Original Appropriation	0.00	0	991,400	0.00	0	543,700
% Change from Original Appropriation			7.0%			3.8%

Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2006 Original Appropriation	139.50	0	13,371,500	850,700	14,222,200

HB 395 One-time 1% Salary Increase

Reflects a one-time 1% Change in Employee Compensation (CEC) increase.

Agency Request	0.00	0	60,900	0	60,900
Governor's Recommendation	0.00	0	60,900	0	60,900

1. Office Relocation

This supplemental would provide spending authority for the Industrial Commission's office relocation as well as increased rent costs. The agency has an immediate need for additional office space and customer parking. The Industrial Commission currently has 24,036 sq. ft. of office space and 677 sq. ft. of storage space. The estimated space need is 30,000 sq. ft. for an increase of approximately 5,000 sq. ft. In order to capitalize on current market rents in the Boise lease market, the agency is requesting the authority to move in the 2006 fiscal year.

Of the total supplemental request to move, \$74,400 is for one-time moving costs and will not be added to the agency's base appropriation. The on-going costs of \$271,900 include funding for the increase in rent costs as well as the additional square footage. Moving costs are estimated at \$800 per person and the new annual rent is estimated at \$17.50 per sq. ft.

Agency Request	0.00	0	346,300	0	346,300
Governor's Recommendation	0.00	0	346,300	0	346,300

Omnibus CEC Supplemental

Agency Request	0.00	0	0	0	0
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The Governor's FY 2007 recommendation is a 3% ongoing increase in employee compensation (CEC), based on merit, to commence in FY 2006 with the January 29 pay period. This will allow agencies to fund employee compensation increases for ten pay periods prior to the end of the current fiscal year. Funding for the remaining 16 pay periods is provided in the FY 2007 CEC.

Governor's Recommendation	0.00	0	68,500	0	68,500
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FY 2006 Total Appropriation

Agency Request	139.50	0	13,778,700	850,700	14,629,400
Governor's Recommendation	139.50	0	13,847,200	850,700	14,697,900

Removal of One-Time Expenditures

Removes \$60,900 provided for HB395; \$224,100 in dedicated funds and \$100 in federal funds provided for 27th pay period; \$74,400 in one-time moving costs; \$177,600 provided for one-time capital purchases in 2006; and \$26,200 in other one-time items.

Agency Request	0.00	0	(539,900)	(100)	(540,000)
Governor's Recommendation	0.00	0	(539,900)	(100)	(540,000)

FY 2007 Base

Agency Request	139.50	0	13,238,800	850,600	14,089,400
Governor's Recommendation	139.50	0	13,307,300	850,600	14,157,900

Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 6.1% or \$436 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include minor adjustments in unemployment insurance rates and workers compensation rates.

Agency Request	0.00	0	102,400	0	102,400
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Removes the PERSI rate increase and changes benefit costs to reflect a 3.5% or \$250 per FTP increase in health insurance costs. However, the change in health insurance providers, from Blue Shield to Blue Cross, has created a one-time opportunity to use unexpended reserves from the previous contract. This decision unit provides for a health insurance premium reduction equal to two month's premiums for both the employer and employee. Finally, a life insurance holiday is included equal to seven month's premium for the employer's share only.

Governor's Recommendation	0.00	0	(163,100)	0	(163,100)
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Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures and trustee/benefit payments.

Agency Request	0.00	0	36,500	0	36,500
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Governor's Recommendation	0.00	0	36,500	0	36,500
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Replacement Items

COMPENSATION: The operating request includes multiple software programs and support tools totaling \$51,000. The capital request includes: 2 vehicles (\$54,000); 41 computers (\$43,400); 4 laptops (\$10,000); 2 servers (\$18,000); and other miscellaneous IT equipment or software (\$20,900).

REHABILITATION: The operating request includes software for Wide Area Network Links, operating software, and support tools totaling \$70,500. The capital request includes 6 vehicles (\$93,300); hardware for 5 Wide Area Network Links (\$12,500); 8 PC's (\$8,000), 2 laptops (\$5,000); and miscellaneous other IT equipment or software (\$1,700).

CRIME VICTIMS COMPENSATION: The operating request includes multiple software programs and support tools totaling \$8,600. The capital request includes a new server (\$9,000).

ADJUDICATION: The operating request includes operating software and support tools totaling \$15,600. The capital request includes a laptop (\$2,500).

Agency Request	0.00	0	424,000	0	424,000
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The Governor recommends \$1,500 replacement cost per desktop computer and \$2,000 replacement cost per laptop.

Governor's Recommendation	0.00	0	420,500	0	420,500
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Statewide Cost Allocation

The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services and includes changes in property and casualty insurance premiums. This decision unit also includes changes in fees charged for legislative audits and changes in the cost of office space leased to state agencies by the Department of Administration. The total cost for statewide cost allocation is \$108,300.

REFACTORED POSITIONS: This decision unit also includes \$29,400 in personnel for refactoring of the Employer Compliance Investigator class. The Division of Human Resources refactored the Employer Compliance Investigator class in August of 2005, moving the class of positions from a pay grade of G to a pay grade I.

Agency Request	0.00	0	137,700	0	137,700
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Governor's Recommendation	0.00	0	137,700	0	137,700
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Change in Employee Compensation					
Calculated cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	59,300	0	59,300
<i>Provides funding for the remaining 16 pay periods to annualize the 3% ongoing change in employee compensation recommended in the omnibus CEC supplemental.</i>					
Governor's Recommendation	0.00	0	109,400	0	109,400
FY 2007 Program Maintenance					
Agency Request	139.50	0	13,998,700	850,600	14,849,300
Governor's Recommendation	139.50	0	13,848,300	850,600	14,698,900

1. Contract Medical Fee Program Coord.

Compensation

A Medical Fee Program Coordinator is being requested who would be hired on a contract basis rather than an ongoing FTP. During the 2005 legislative session the legislature passed House Bill 331 requiring the Industrial Commission to establish a fee schedule for medical providers that provide medical services for injured workers. The agency anticipates an influx of questions and education during the initial stages, but does not currently see a need for a permanent coordinator once the program is steadily in place.

Analyst comment: HB 331 estimated the fiscal impact to be minor costs involved in adapting the Industrial Commission computer system to recognize new coding.

Agency Request	0.00	0	60,000	0	60,000
Governor's Recommendation	0.00	0	60,000	0	60,000

2. Market Equity

All Divisions

A 5% overall increase in personnel costs is requested to improve salaries and address a turnover issue at the Industrial Commission. The agency experienced 14.7% turnover in 2003, 13.1% turnover in 2004, and an all time high of 16.8% turnover in 2005. Through exit interview comments, the Industrial Commission determined that employees generally enjoyed their jobs; however, the gap in pay between the private sector and the public sector was now high enough for employees to warrant leaving the state even with the current benefit package.

The 5% would be used not only to improve the salaries in high turnover positions, but also to bring employees up in their salary range levels. The Commission only has 17 employees out of 135 who are currently at or above midpoint. Of the 17 employees the average years of service is 19.3 years.

Agency Request	0.00	0	297,300	0	297,300
Governor's Recommendation	0.00	0	0	0	0

3. Career Information System (CIS)

Rehabilitation

The Industrial Commission, for each of its Rehabilitation offices, would like to subscribe to the Career Information System used by other state. This system is currently used by Department of Commerce and Labor and Department of Education. The system will improve the Rehabilitation division's ability to assist injured workers in returning to employment. The cost is \$1,000 per office or \$7,000 total.

Agency Request	0.00	0	7,000	0	7,000
Governor's Recommendation	0.00	0	7,000	0	7,000

FY 2007 Total					
Agency Request	139.50	0	14,363,000	850,600	15,213,600
Governor's Recommendation	139.50	0	13,915,300	850,600	14,765,900

Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<i>Agency Request</i>					
Change from Original App	0.00	0	991,500	(100)	991,400
% Change from Original App	0.0%		7.4%	0.0%	7.0%
<i>Governor's Recommendation</i>					
Change from Original App	0.00	0	543,800	(100)	543,700
% Change from Original App	0.0%		4.1%	0.0%	3.8%